

VZCZCXRO2431
RR RUEHGH RUEHVC
DE RUEHCN #0030/01 0440534
ZNR UUUUU ZZH
R 130534Z FEB 09
FM AMCONSUL CHENGDU
TO RUEHC/SECSTATE WASHDC 3082
RUEHBJ/AMEMBASSY BEIJING 1714
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUEHGV/USMISSION GENEVA 0046
RHMFIUU/DHS IP BP WASH DC
RUCPDOG/USDOC WASHINGTON DC
RHMFIUU/DEPT OF JUSTICE WASHINGTON DC
RHMFIUU/FBI WASHINGTON DC
RUEHCN/AMCONSUL CHENGDU 3751

UNCLAS SECTION 01 OF 03 CHENGDU 000030

SENSITIVE
SIPDIS

STATE FOR EAP/CM - PPARK AND EB/IPE - DBUBMAN
STATE FOR EB/TPP - EMAGDANZ AND INL - JVGIL
STATE FOR EB/CIP - WWITTEMAN AND RDALEY
USTR FOR CHINA OFFICE - AWINTER; IPR OFFICE - RBAE;
AND OCG - SMCCOY, JRAGLAND, AND KALVAREZ
COMMERCE FOR NATIONAL COORDINATOR FOR IPR ENFORCEMENT
COMMERCE FOR MAC ESZYMANSKI
COMMERCE FOR MAC SWILSON, JYOUNG
LOC/COPYRIGHT OFFICE - STEPP
USPTO FOR INT'L AFFAIRS - LBOLAND, EWU, STONG
DOJ FOR CCIPS - MDUBOSE AND SCHEMBTOB
FTC FOR BLUMENTHAL
FBI FOR LBRYANT
DHS/ICE FOR IPR CENTER - DFAULCONER, TRANDAZZO
DHS/CBP FOR IPR RIGHTS BRANCH - GMACRAY, PPIZZECK
ITC FOR LLEVINE, LSCHLITT

E.O. 12958: N/A

TAGS: [ECON](#) [EIND](#) [ETRD](#) [KIPR](#) [PGOV](#) [CH](#)

SUBJECT: TRYING TO FIND NON-PIRATED MOVIES IN SOUTHWEST CHINA

CHENGDU 00000030 001.2 OF 003

¶1. (U) This cable contains sensitive but unclassified information - not for distribution on the internet.

¶2. (SBU) SUMMARY: Pirated movies appear to remain readily on sale in Sichuan Province's capital city of Chengdu. Packaging is of such a high quality that the average consumer probably cannot distinguish between legitimate and fake DVDs. Retail stores along the city's "European Street" prominently display large quantities of pirated Western DVD movies. U.S. television shows are also available for sale. In another part of the city, unboxed DVD copies of Western movies are commonly available from street-side vendors and in a popular electronics market. END SUMMARY.

Small Details Raise Questions about Authenticity

¶3. (SBU) Many of what appear to be pirated DVD movies for sale in Chengdu stores we surveyed have high-quality packaging that looks legitimate. The high-quality color cover graphics and plastic DVD cases are quite similar to those available at retailers in the U.S. A number of the movies also have cardboard slip covers that fit over the outside of the plastic DVD case. The movies have clear plastic wraps, like DVDs in the U.S. and some have hologram stickers, ostensibly to show the authenticity of the product.

14. (SBU) During a recent trip to three stores on Chengdu's "European Street," Congenoff was impressed that nearly all of the DVD movies for sale, based on a quick look at the front and back of boxes, looked as if they might be legitimate. Descriptions, quotes, and graphics on the back of the boxes generally looked identical to legal copies of the DVDs. Closer inspection raised doubts about the authenticity of the products. In fine print at the bottom of the boxes, Congenoff saw inconsistencies suggesting the movies were pirated. On the back of 20th Century Fox Home Entertainment's "Max Payne" and "Mr. and Mrs. Smith," Congenoff found typographical errors in the fine print legal text; words were misspelled, improperly capitalized, or incorrectly run together. Carrefour's flagship store in Chengdu, also sold Miramax Home Entertainment's "An Unfinished Life" and Canadian Muse Entertainment Enterprises' "The Deal" with similar errors in the fine print.

15. (SBU) U.S. television shows on DVD are also widely available in Chengdu. These are generally sold in box sets that appear very similar or identical to those in the U.S. Once opened, however, there is frequently evidence of piracy. Discs are often sitting loose in a cardboard cavity inside the box. Discs may have little or no artwork on them, and some may have Chinese characters near the center of the disc.

Disclaimers and Release Dates Suspicious, Others Hard to Say

CHENGDU 00000030 002.2 OF 003

16. (SBU) DVDs of recently-released U.S. movies like "Rock `N Rolla," "Burn after Reading," and "Body of Lies" that Congenoff recently saw for sale had lines included in the fine print that said the movie was not available for sale outside Canada, the U.S. or its territories. In one instance, a box set of the HBO series "Rome" had a line indicating it was not available for sale outside the EU. A customer, however, would need to have excellent English-language skills and carefully read the back of the box in order to notice such disclaimers.

17. (SBU) Sony Pictures' "Quantum of Solace," scheduled for release on DVD in the U.S. in March, was available at local stores within a few weeks of its November 2008 debut in theaters. Producers of the pirated version of the film appear to have used the movie's promotional posters to create a professional looking box cover. The movie is also sold with a cover that mirrors the artwork from the movie's soundtrack. Columbia Pictures' "Seven Pounds" is another movie, yet to be released on DVD in the US, which is already available in Chengdu. The DVD box cover retains the line "coming soon," suggesting that the cover art was lifted from the movie's promotional material.

18. (SBU) Congenoff could not determine whether or not some movies might be legitimate copies. Excel Media, a Guangdong-based media firm, claims to have partnership agreements with several major movie studios to distribute their films in China. Some DVDs that had Excel Media branding on the back of the package lacked the imbedded holograms in the plastic that apparently-legitimate copies of Excel DVDs contained. Not all pirated DVDs for sale in Chengdu, however, are of such a high quality. Some have packaging with prominently displayed

words that can only be described as "Chinglish," while some American film DVDs are sold in packages with movie descriptions written in Russian, Thai, and Spanish.

Local Enforcement of Copyrighted Movies

¶9. (SBU) Numerous street-side vendors and hawkers in the local electronic markets also offer pirated DVD movies. Nearly every evening, vendors set up on sidewalks near the Consulate to sell Chinese and Western DVDs. Public security officials commonly patrol the area, but Congenoff has never seen the officials question the vendors about their goods. Hawkers in one of Chengdu's large electronics markets openly approach patrons and offer DVDs. Congenoff has seen titles like "Quantum of Solace" available for sale. Congenoff has not observed, during multiple trips to the market, officials attempting to crack down on these hawkers.

¶10. (SBU) The Sichuan Provincial Intellectual Property Rights Office (SCIPO) does not directly enforce or regulate copyright infringement of movies or software. When Congenoff raised the issue of apparently-pirated movies in Chengdu's stores, the Director of SCIPO said that they would refer any cases to the

CHENGDU 00000030 003.2 OF 003

Copyright Bureau (CB). The CB would follow up on any allegations of piracy. In the case of alleged DVD or software piracy, SCIPO officials said that CB would check to ensure the retailer was authorized to sell the merchandise in stock. SCIPO's 60 staff members, however, appear to focus primarily on patent registrations. During a recent visit to SCIPO's office, officials showed Congenoff where individuals could file patent applications and obtain information about the filing process.

¶11. (SBU) COMMENT: SCIPO was formerly the Sichuan Patent Office. In 2000, the Patent Office changed its name to reflect broader responsibility for intellectual property rights, but it does not appear to have direct authority to enforce copyright or trademark infringement. Post will continue to try to monitor the piracy situation on the streets of Chengdu and raise our concerns with local authorities. END COMMENT.
BOUGHNER